

Trading Medical System Egypt, S.A.E.**9) Capital**

| Shareholder's name and nationality: | Percentage of Participation | Number of Shares | 12.31.98 L.E. | 12.31.97 L.E. | 12.31.96 L.E. |
|--|--------------------------------|---------------------|-------------------|-------------------|-------------------|
| Holding Company for Financial Investments (Lakah Group), S.A.E..... | 97.60% | 488,000 | 48,800,000 | — | — |
| Mr. Ramy Lakah — Egyptian | 0.40% | 2,000 | 200,000 | 9,900,000 | 9,900,000 |
| Mr. Michel Lakah — Egyptian..... | 0.01% | 65 | 6,500 | 9,900,000 | 9,900,000 |
| Mr. Ramy Oda Pacha — Egyptian..... | 0.57% | 2,825 | 282,500 | 195,000 | 195,000 |
| Mr. Samy Toutoungy — Egyptian..... | 0.69% | 3,450 | 345,000 | — | — |
| Mr. Ramy Aziz — Egyptian | 0.03% | 150 | 15,000 | — | — |
| Mr. Rafik Chehata — Egyptian..... | 0.16% | 800 | 80,000 | — | — |
| Mr. Medhat Sobhy — Egyptian..... | 0.53% | 2,660 | 266,000 | — | — |
| Mr. Farouk Abdel Samei — Egyptian..... | 0.01% | 50 | 5,000 | 5,000 | 5,000 |
| | <u>100.00%</u> | <u>500,000</u> | <u>50,000,000</u> | <u>20,000,000</u> | <u>20,000,000</u> |

Auditor's Report

Cherif Mohamed Hammouda

Chartered Accountant

Member of RSM International



To the shareholders of Arab Steel Factory, S.A.E.

We have audited the financial statements of Arab Steel Factory, S.A.E., which comprise the balance sheets as at December 31, 1996, 1997 and 1998 and the income statement for the periods ended December 31, 1998 and the statement of cash flows for the periods ended December 31, 1998. These financial statements are the responsibility of the company's management. It is our responsibility to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the position of Arab Steel Factory, S.A.E. as at December 31, 1996, 1997 and 1998 and the results of its operations and its cash flows for the years then ended in conformity with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations.

We obtained all data and explanations which we deemed necessary for our audit. Our audit provides us with reasonable assurance that during the year, the company's accounting records were maintained as required by law and the statute of the company and are in agreement with the accompanying financial statements.

Cherif Hammouda

FESAA-FIFA-FEST
R.A.A. 14260

9 September, 1999

ARAB STEEL FACTORY, S.A.E.**BALANCE SHEET
as at December 31, 1996, 1997 and 1998**

| | Notes | 12.31.98 U.S.\$ | 12.31.98 L.E. | 12.31.97 L.E. | 12.31.96 L.E. |
|--|--------|--------------------|--------------------|--------------------|-------------------|
| Long Term Assets | | | | | |
| Fixed Assets (Net) | (2c,3) | 61,537,034 | 209,225,914 | 218,974,952 | 61,395,287 |
| Deferred Expenses (Net) | (2e,4) | 6,673,455 | 22,689,747 | 26,108,750 | 8,478,308 |
| Long Term Investments | (5) | 36,470,588 | 124,000,000 | — | — |
| Projects under Construction | (6) | 5,358,585 | 18,219,188 | 20,000 | — |
| Total Long Term Assets | | 110,039,661 | 374,134,849 | 245,103,702 | 69,873,595 |
| Current Assets | | | | | |
| Inventory | (2d,7) | 22,737,975 | 77,309,116 | 73,683,210 | — |
| Accounts Receivables | (8) | 11,469,009 | 38,994,632 | — | 19,105,531 |
| Debtors — Short Term Balances | | 17,809,150 | 60,551,110 | 57,726,819 | — |
| Letters of Credit | | — | — | — | 2,024,199 |
| Advance Payments to Suppliers | | 2,054,077 | 6,983,861 | — | — |
| Cash in Hand and at Banks | (9) | 666,007 | 2,264,423 | 1,856,822 | 1,219,010 |
| Total Current Assets | | 54,736,218 | 186,103,143 | 133,266,851 | 22,348,741 |
| Current Liabilities | | | | | |
| Accounts Payable | | — | — | — | 12,997,007 |
| Due to Banks | (10) | 4,523,480 | 15,379,832 | 95,235,441 | — |
| Provisions | | 174,568 | 593,530 | — | — |
| Creditors — Short Term Balances | | 1,764,970 | 6,000,898 | 1,277,268 | — |
| Other Creditors | | 492,978 | 1,676,126 | — | 1,644,182 |
| Total Current Liabilities | | 6,955,996 | 23,650,386 | 96,512,709 | 14,641,189 |
| Working Capital | | 47,780,223 | 162,452,757 | 36,754,142 | 7,707,552 |
| Total Investments | | 157,819,884 | 536,587,606 | 281,857,844 | 77,581,147 |
| Shareholder's Equity | | | | | |
| Issued and Paid-up Capital | (11) | 73,529,412 | 250,000,000 | 20,000,000 | 20,000,000 |
| Legal Reserve | | 427,956 | 1,455,049 | — | — |
| Retained Earnings | | 8,131,159 | 27,645,939 | — | — |
| Due to Shareholders | | — | — | 103,220,795 | — |
| Total Shareholder's Equity | | 82,088,526 | 279,100,988 | 123,220,795 | 20,000,000 |
| Long Term Liabilities | | | | | |
| Long Term Loans | (12) | 1,372,824 | 4,667,603 | 156,560,925 | 57,581,147 |
| Bonds | (13) | 73,529,412 | 250,000,000 | — | — |
| Creditors — Long Term Balances | (14) | 829,122 | 2,819,015 | 2,076,124 | — |
| Total Long Term Liabilities | | 75,731,358 | 257,486,618 | 158,637,049 | 57,581,147 |
| Total Finance of Working Capital and Long Term Assets | | 157,819,884 | 536,587,606 | 281,857,844 | 77,581,147 |

The accompanying notes are an integral part of the financial statements.

The auditor's report is attached.

Note: Solely for the convenience of the reader, the translation of Egyptian pounds into U.S. Dollars has been made at the rate of U.S.\$1.00 = L.E. 3.40

ARAB STEEL FACTORY, S.A.E.
INCOME STATEMENT
for the periods ended December 31, 1998

| | Notes | 12.31.98 U.S.\$ | 12.31.98 L.E. | 12.31.97 L.E. | 12.31.96 L.E. |
|---|-------|--------------------|-------------------|------------------|------------------|
| Net Sales | | 54,933,367 | 186,773,448 | 0 | 0 |
| Cost of Goods Sold | | (31,877,371) | (108,383,061) | 0 | 0 |
| Less | | | | | |
| Fixed Assets Depreciation | | (4,054,821) | (13,786,392) | 0 | 0 |
| Pre-Production Tests Amortization | | (190,389) | (647,324) | 0 | 0 |
| Gross Profit | | <u>18,810,786</u> | <u>63,956,671</u> | <u>0</u> | <u>0</u> |
| Less | | | | | |
| General and Administrative Expenses | | (701,311) | (2,384,457) | 0 | 0 |
| Financing Expenses | | (8,396,710) | (28,548,813) | 0 | 0 |
| Fixed Assets Depreciation | | (301,758) | (1,025,977) | 0 | 0 |
| Pre-Opening Expenses Amortization | | (815,200) | (2,771,679) | 0 | 0 |
| Miscellaneous Revenues | | 172,769 | 587,414 | 0 | 0 |
| Foreign Exchange Differences | | (34,894) | (118,640) | 0 | 0 |
| Net Profit for the year before Taxes | | <u>8,733,682</u> | <u>29,694,519</u> | <u>0</u> | <u>0</u> |
| Sales Tax Provisions | | (174,568) | (593,530) | 0 | 0 |
| Net Profit for the year after Taxes | | <u>8,559,114</u> | <u>29,100,989</u> | <u>0</u> | <u>0</u> |

The accompanying notes are an integral part of the financial statements.

The auditor's report is attached.

Note: Solely for the convenience of the reader, the translation of Egyptian pounds into U.S. Dollars has been made at the rate of U.S.\$1.00 = L.E. 3.40

ARAB STEEL FACTORY, S.A.E.**STATEMENT OF CASH FLOWS**
for the periods ended December 31, 1997 and 1998

| | for the periods ended December 31, 1997 and 1998 | |
|---|---|---------------|
| | 96-97 | 97-98 |
| Cash Flow From Operation | | |
| Net Profit after Tax..... | — | 29,100,989 |
| Depreciation | — | 1,025,977 |
| Amortization..... | — | 3,797,656 |
| Provisions and Reserves..... | — | 593,530 |
| Net Operating Profit Before Change in Working Capital | — | 34,518,152 |
| Change in Working Capital..... | (28,408,778) | (125,884,544) |
| Net Cash after Operations | (28,408,778) | (91,366,392) |
| Cash From Investment Activities | | |
| Change in Fixed Assets..... | (157,579,665) | 8,723,061 |
| Intangibles | (17,630,442) | (378,653) |
| Change in Long Term Investments..... | — | (124,000,000) |
| Projects in Progress..... | (20,000) | (18,199,188) |
| Net Cash from Investment Activities..... | (175,230,107) | (133,854,780) |
| Cash From Financing Activities | | |
| Change in Paid-in Capital | — | 230,000,000 |
| Change in Long Term Loans..... | 98,979,778 | (151,893,322) |
| Due to Shareholders | 103,220,795 | (103,220,795) |
| Creditors — Long Term Balances | 2,076,124 | 742,891 |
| Issued Bonds..... | — | 250,000,000 |
| Net Cash from Financing Activities..... | 204,276,697 | 225,628,774 |
| Net Cash Flow | 637,812 | 407,602 |
| Opening Balance..... | 1,219,010 | 1,856,822 |
| Ending Balance | 1,856,822 | 2,264,424 |

Arab Steel Factory, S.A.E.**NOTES TO THE FINANCIAL STATEMENTS****1) The Company**

Arab Steel Factory ("Arab Steel") was incorporated in Egypt in December 1994 under the Law 159 of 1981. Arab Steel is a leading manufacturer in Egypt of steel billets for sale in the Egyptian market. Billet is the raw material required for the manufacture of steel rebars, angels and beams.

2) Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are set out below.

a) Basis of Preparation of Financial Statements

The accounts are prepared on the basis of historical cost in accordance with Egyptian Accounting Standards.

b) Accounting Basis

The accounts are made on the basis of historical cost in accordance with Egyptian Accounting Standards.

c) Foreign Currency Transactions

Arab Steel maintains its accounts in Egyptian currency, and it records its foreign currency transactions on the basis of exchange rates at the time of transaction itself. Re-valuation of the accounts is conducted at year-end using the prevailing exchange rates on December 31.

d) Fixed Assets

Fixed Assets are recorded at their historical cost, and are depreciated using the straight-line method over their estimated productive life according to the following annual rates:

| Fixed Assets | Annual Rates |
|-------------------------------------|--------------|
| Buildings..... | 2% |
| Machinery and Equipment | 10% |
| Fixtures..... | 20% |
| Office Furniture and Equipment..... | 15% |
| Vehicles..... | 20% |

e) Inventory

Raw Material Inventory is priced at cost on a weighted average basis, and finished goods inventory is priced at cost, including raw materials, direct labor and a share of indirect expenses determined on the basis of the normal activity.

f) Deferred Expenses

Pre-Opening Expenses amortized over 7 years.

3) Fixed Assets

| | Historical Cost L.E. | Accumulated Depreciation L.E. | Net Book Value 98 L.E. | Net Book Value 97 L.E. | Net Book Value 96 L.E. |
|------------------------------------|----------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|
| Land | 48,997,530 | — | 48,997,530 | 48,997,530 | 2,673,200 |
| Buildings and Constructions..... | 14,273,250 | 261,135 | 14,012,115 | 14,262,378 | 5,265,329 |
| Machinery and Equipment | 156,325,409 | 13,786,392 | 142,539,017 | 151,106,970 | 52,312,318 |
| Office Equipment and Fixtures..... | 609,740 | 63,469 | 546,271 | 775,721 | 263,103 |
| Vehicles | 3,832,354 | 701,373 | 3,130,981 | 3,832,353 | 881,337 |
| | <u>224,038,283</u> | <u>14,812,369</u> | <u>209,225,914</u> | <u>218,974,952</u> | <u>61,395,287</u> |

4) Deferred Expenses

| | 12.31.98 L.E. | 12.31.97 L.E. | 12.31.96 L.E. |
|---------------------------------|-------------------|-------------------|------------------|
| Pre-Operating Expenses..... | | 21,165,549 | 8,478,308 |
| Production Tests Period..... | | 17,201,687 | — |
| Production Tests Revenues | | (12,258,486) | — |
| | <u>22,689,747</u> | <u>26,108,750</u> | <u>8,478,308</u> |

5) Long Term Investments

Long Term Investments amounted to L.E. 124,000,000 representing investments in a new venture, Steel Products Factory, with 49 per cent. of total shares.

Arab Steel Factory, S.A.E.**6) Projects under Construction**

Projects under Construction amounted to L.E. 18,219,188 representing the construction of the back house and scrap depot and power station.

7) Inventory

| | 12.31.98 L.E. | 12.31.97 L.E. |
|------------------------------|-------------------|-------------------|
| Raw Materials and Scrap..... | 57,275,352 | 41,820,724 |
| Spare Parts Inventory..... | 357,159 | 278,200 |
| Goods in Transit..... | 16,866,243 | 29,829,250 |
| Finished Goods | 2,810,362 | 1,755,036 |
| | <u>77,309,116</u> | <u>73,683,210</u> |

8) Accounts Receivable

Accounts Receivables comprise the following:

| | 12.31.98 L.E. |
|-------------------------------|-------------------|
| Al Atia..... | 5,748,668 |
| El Tamsah Co..... | 8,019,034 |
| Suez for Iron Production..... | 6,849,195 |
| El Dekhila Co..... | 9,798,923 |
| Counter Steel Co..... | 7,798,929 |
| Others..... | 779,883 |
| | <u>38,994,632</u> |

9) Cash in Hand and at Banks

| | 12.31.98 L.E. |
|-------------------------------|------------------|
| Banks — Current Accounts..... | 539,911 |
| Cash in Hand..... | 1,724,512 |
| | <u>2,264,423</u> |

10) Due to Banks

| | 12.31.98 L.E. |
|------------------|-------------------|
| SAIB-AC/5..... | 13,877 |
| SAIB-AC/005..... | 15,365,955 |
| | <u>15,379,832</u> |

Arab Steel Factory, S.A.E.**11) Capital**

| Shareholders Name and Nationality | Percentage of Participation | Number of Shares | Amount in L.E. 98 | Amount in L.E. 97 | Amount in L.E. 96 |
|--|-----------------------------|------------------|--------------------|-------------------|-------------------|
| The Holding Company for Financial Investments (Lakah Group), S.A.E. | 97.920% | 2,448,000 | 244,800,000 | — | — |
| Ramy Lakah..... | 0.860% | 21,500 | 2,150,000 | 9,900,000 | 9,900,000 |
| Michel Lakah..... | 1.000% | 25,000 | 2,500,000 | 9,900,000 | 9,900,000 |
| Farouk Abdel Samei..... | 0.002% | 50 | 5,000 | 5,000 | 5,000 |
| Ramy Oda Pacha..... | 0.010% | 250 | 25,000 | — | — |
| Samy Toutoungy..... | 0.022% | 550 | 55,000 | — | — |
| Ramy Aziz..... | 0.014% | 350 | 35,000 | — | — |
| Rafik Chehata..... | 0.008% | 200 | 20,000 | — | — |
| Medhat Sobhy..... | 0.085% | 2,125 | 212,500 | — | — |
| Ramy Faltas..... | 0.079% | 1,975 | 197,500 | 195,000 | 195,000 |
| | <u>100.000%</u> | <u>2,500,000</u> | <u>250,000,000</u> | <u>20,000,000</u> | <u>20,000,000</u> |

12) Long term Loans

Long Term Loans were paid in full in 1998 using proceeds of the bond issue.

13) Bonds

A 7-year L.E. 250 million bond issue with a coupon of 11 per cent.

14) Creditors — Long Term Balances

Creditors — Long Term Balances in the amount L.E. 2,819,015 represent total sales tax for importing capital goods (machinery and equipment).

| | 12.31.98 L.E. | 12.31.97 L.E. |
|---------------------------|------------------|------------------|
| Sales Tax Authority | 2,819,015 | 2,076,124 |
| | <u>2,819,015</u> | <u>2,076,124</u> |

15) Taxes

Arab Steel enjoys a tax holiday of 10 years starting from the first operating year (1998).

Auditor's Report

Cherif Mohamed Hammouda

Chartered Accountant

Member of RSM International



To the Board of Directors of Holding Company for Financial Investments (Lakah Group), S.A.E.

We have audited the accompanying consolidated balance sheet of Holding Company for Financial Investments (Lakah Group), S.A.E. and its subsidiaries as at June 30, 1999 and the related consolidated statements of income and cash flows for the six-month period then ended. These consolidated financial statements are the responsibility of the company's management. It is our responsibility to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999, and the results of their operations and their cash flows for the six-month period then ended in conformity with International Accounting Standards and comply with applicable Egyptian laws and regulations.

Cherif Hammouda

FESAA-FIFA-FEST
R.A.A. 14260

September 9, 1999

Independent Auditors' Report

Mostafa Shawki & Co Deloitte & Touche



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To the Board of Directors
of the Holding Company for Financial Investments
Lakah Group
(S.A.E.)

We have audited the accompanying consolidated balance sheet of the Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999 and the related consolidated statements of income and cash flows for the period from January 1, 1999 to June 30, 1999. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the eight subsidiaries explained in Note No. 1 (consolidated subsidiaries) which statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the eight subsidiaries, is based solely on the reports of such other auditors.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999 and the results of their operations and their cash flows for the period from January 1, 1999 to June 30, 1999 in conformity with International Accounting Standards and in compliance with applicable Egyptian laws and regulations.

Mostafa Shawki & Co
Deloitte & Touche

27 September, 1999

**Deloitte Touche
Tohmatsu**

Auditor's Report

Cherif Mohamed Hammouda

Chartered Accountant

Member of RSM International



To the Board of Directors of Holding Company for Financial Investments (Lakah Group), S.A.E.

We have audited the accompanying consolidated balance sheet of Holding Company for Financial Investments (Lakah Group), S.A.E. and its subsidiaries as at June 30, 1999 and the related consolidated statements of income and cash flows for the six-month period then ended. These consolidated financial statements are the responsibility of the company's management. It is our responsibility to express an opinion on these consolidated financial statements based on our audit.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999, and the results of their operations and their cash flows for the six-month period then ended in conformity with International Accounting Standards and comply with applicable Egyptian laws and regulations.

Cherif Hammouda

FESAA-FIFA-FEST
R.A.A. 14260

September 9, 1999

Independent Auditors' Report

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To the Board of Directors
of the Holding Company for Financial Investments
Lakah Group
(S.A.E.)

We have audited the accompanying consolidated balance sheet of the Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999 and the related consolidated statements of income and cash flows for the period from January 1, 1999 to June 30, 1999. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the eight subsidiaries explained in Note No. 1 (consolidated subsidiaries) which statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the eight subsidiaries, is based solely on the reports of such other auditors.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Holding Company for Financial Investments (Lakah Group), S.A.E. as at June 30, 1999 and the results of their operations and their cash flows for the period from January 1, 1999 to June 30, 1999 in conformity with International Accounting Standards and in compliance with applicable Egyptian laws and regulations.

Mostafa Shawki & Co
Deloitte & Touche

27 September, 1999

**Deloitte Touche
Tohmatsu**

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED BALANCE SHEET
as at June 30, 1999**

| | Notes | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Pro forma 31-12-98 L.E. |
|---|---------|--------------------|----------------------|----------------------|-------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalent..... | 3 | 35,803,773 | 121,732,827 | 18,165,619 | 60,292,576 |
| Debtors — Short Term Balances (Net)..... | 4 | 146,907,290 | 499,484,787 | 506,392,231 | 495,668,877 |
| Inventory..... | (2-4) 5 | 88,171,914 | 299,784,506 | 194,697,123 | 194,697,123 |
| Work in Progress | | 50,882,286 | 172,999,774 | 109,353,565 | 104,770,319 |
| Total Current Assets | | <u>321,765,263</u> | <u>1,094,001,894</u> | <u>828,608,538</u> | <u>855,428,895</u> |
| Long Term Assets | | | | | |
| Accounts Receivables — Long Term .. | 6 | 53,843,891 | 183,069,229 | 167,640,320 | 167,640,320 |
| Long Term Investments | (2-5) 7 | 96,780,052 | 329,052,176 | 262,135,125 | 258,628,063 |
| Fixed Assets — (Net) | (2-5) 8 | 132,919,071 | 451,924,840 | 394,603,343 | 354,338,029 |
| Projects under Construction..... | 9 | 12,357,585 | 42,015,790 | 164,982,129 | 136,506,211 |
| Goodwill | 10 | 76,058,795 | 258,599,902 | 248,020,160 | 252,776,691 |
| Deferred Expenses — (Net) | (2-7) | 9,182,188 | 31,219,440 | 38,361,296 | 34,340,047 |
| Total Long Term Assets..... | | <u>381,141,581</u> | <u>1,295,881,377</u> | <u>1,275,742,373</u> | <u>1,204,229,361</u> |
| Total Assets | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Due to Banks | 11 | 36,427,809 | 123,854,551 | 171,858,623 | 171,858,623 |
| Current Portion of Long Term Debt .. | 15 | 12,955,244 | 44,047,830 | 36,448,677 | 36,448,677 |
| Creditors Short Term Balances | 12 | 9,858,372 | 33,518,466 | 178,828,069 | 177,951,638 |
| Other Credit Balances..... | 13 | 4,227,941 | 14,375,000 | 12,933,747 | — |
| Provisions..... | 14 | 15,820,156 | 53,788,531 | 22,682,664 | 22,655,980 |
| Total Current Liabilities | | <u>79,289,523</u> | <u>269,584,378</u> | <u>422,751,780</u> | <u>408,914,918</u> |
| Long Term Liabilities | | | | | |
| Long Term Loans | 15 | 43,077,207 | 146,462,505 | 224,917,977 | 197,470,161 |
| Bonds | 16 | 191,176,471 | 650,000,000 | 250,000,000 | 250,000,000 |
| Creditors — Long Term Balances..... | | — | — | 13,459,153 | 13,459,153 |
| Total Long Term Liabilities | | <u>234,253,678</u> | <u>796,462,505</u> | <u>488,377,130</u> | <u>460,929,314</u> |
| Minority Interest | | 7,284,618 | 24,767,702 | 43,342,001 | 39,934,024 |
| Shareholders' Equity | | | | | |
| Issued and Subscribed Capital | 18 | 441,141,176 | 1,499,880,000 | 1,149,880,000 | 1,149,880,000 |
| Unpaid Installments | | (92,647,059) | (315,000,000) | — | — |
| Paid up Capital | | 348,494,118 | 1,184,880,000 | 1,149,880,000 | 1,149,880,000 |
| Net Profit for the Period | | 33,584,908 | 114,188,686 | — | — |
| Total Shareholders' Equity | | <u>382,079,025</u> | <u>1,299,068,686</u> | <u>1,149,880,000</u> | <u>1,149,880,000</u> |
| Total Liabilities and Shareholders' Equity | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |

The accompanying notes are an integral part of the financial statements.

Auditor's report attached.

Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of U.S.\$1.00 = L.E. 3.40.

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED INCOME STATEMENT
for the period from January 1, 1999 to June 30, 1999**

| | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Proforma 31-12-98 L.E. |
|--|-------------------|-----------------|------------------|------------------------------|
| Net Sales | 218,862,540 | 744,132,637 | 674,363,025 | 649,908,794 |
| Less | | | | |
| Cost of Sales..... | (143,968,929) | (489,494,360) | (450,768,617) | (439,003,194) |
| Gross Profit | 74,893,611 | 254,638,277 | 223,594,408 | 210,905,600 |
| Less | | | | |
| General and Administrative Expenses | 13,005,745 | 44,219,534 | 40,239,567 | 40,239,567 |
| Financing Expenses | 10,967,098 | 37,288,132 | 57,929,846 | 57,929,846 |
| Depreciation and Amortization | 3,738,834 | 12,712,034 | 1,495,703 | 1,495,703 |
| Foreign Exchange Loss..... | 43,264 | 147,096 | 353,010 | 353,010 |
| Provision for Doubtful Debts | 1,894,588 | 6,441,599 | 4,997,615 | 4,997,615 |
| Total Expenses | 29,649,528 | 100,808,395 | 105,015,741 | 105,015,741 |
| Net Profit for the Period before Minority Interest and Income Taxes | 45,244,083 | 153,829,882 | 118,578,667 | 105,889,859 |
| Minority Interest | (980,408) | (3,333,386) | (4,368,275) | (4,219,614) |
| Provision for Income Taxes | (10,678,768) | (36,307,810) | (20,980,046) | (15,650,747) |
| Net Profit for the Period | 33,584,908 | 114,188,686 | 93,230,346 | 86,019,498 |
| Earnings per Share | 0.22 | 0.76 | 0.81 | 0.75 |

Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of
U.S.\$1.00 = L.E.3.40

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED BALANCE SHEET
as at June 30, 1999**

| | Notes | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Pro forma 31-12-98 L.E. |
|--|---------|--------------------|----------------------|----------------------|-------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalent..... | 3 | 35,803,773 | 121,732,827 | 18,165,619 | 60,292,576 |
| Debtors — Short Term Balances (Net)..... | 4 | 146,907,290 | 499,484,787 | 506,392,231 | 495,668,877 |
| Inventory..... | (2-4) 5 | 88,171,914 | 299,784,506 | 194,697,123 | 194,697,123 |
| Work in Progress..... | | 50,882,286 | 172,999,774 | 109,353,565 | 104,770,319 |
| Total Current Assets..... | | <u>321,765,263</u> | <u>1,094,001,894</u> | <u>828,608,538</u> | <u>855,428,895</u> |
| Long Term Assets | | | | | |
| Accounts Receivables — Long Term .. | 6 | 53,843,891 | 183,069,229 | 167,640,320 | 167,640,320 |
| Long Term Investments | (2-5) 7 | 96,780,052 | 329,052,176 | 262,135,125 | 258,628,063 |
| Fixed Assets — (Net)..... | (2-5) 8 | 132,919,071 | 451,924,840 | 394,603,343 | 354,338,029 |
| Projects under Construction..... | 9 | 12,357,585 | 42,015,790 | 164,982,129 | 136,506,211 |
| Goodwill..... | 10 | 76,058,795 | 258,599,902 | 248,020,160 | 252,776,691 |
| Deferred Expenses — (Net)..... | (2-7) | 9,182,188 | 31,219,440 | 38,361,296 | 34,340,047 |
| Total Long Term Assets..... | | <u>381,141,581</u> | <u>1,295,881,377</u> | <u>1,275,742,373</u> | <u>1,204,229,361</u> |
| Total Assets..... | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Due to Banks..... | 11 | 36,427,809 | 123,854,551 | 171,858,623 | 171,858,623 |
| Current Portion of Long Term Debt .. | 15 | 12,955,244 | 44,047,830 | 36,448,677 | 36,448,677 |
| Creditors Short Term Balances..... | 12 | 9,858,372 | 33,518,466 | 178,828,069 | 177,951,638 |
| Other Credit Balances..... | 13 | 4,227,941 | 14,375,000 | 12,933,747 | — |
| Provisions..... | 14 | 15,820,156 | 53,788,531 | 22,682,664 | 22,655,980 |
| Total Current Liabilities..... | | <u>79,289,523</u> | <u>269,584,378</u> | <u>422,751,780</u> | <u>408,914,918</u> |
| Long Term Liabilities | | | | | |
| Long Term Loans..... | 15 | 43,077,207 | 146,462,505 | 224,917,977 | 197,470,161 |
| Bonds..... | 16 | 191,176,471 | 650,000,000 | 250,000,000 | 250,000,000 |
| Creditors — Long Term Balances..... | | — | — | 13,459,153 | 13,459,153 |
| Total Long Term Liabilities..... | | <u>234,253,678</u> | <u>796,462,505</u> | <u>488,377,130</u> | <u>460,929,314</u> |
| Minority Interest..... | | 7,284,618 | 24,767,702 | 43,342,001 | 39,934,024 |
| Shareholders' Equity | | | | | |
| Issued and Subscribed Capital..... | 18 | 441,141,176 | 1,499,880,000 | 1,149,880,000 | 1,149,880,000 |
| Unpaid Installments..... | | (92,647,059) | (315,000,000) | — | — |
| Paid up Capital..... | | 348,494,118 | 1,184,880,000 | 1,149,880,000 | 1,149,880,000 |
| Net Profit for the Period..... | | 33,584,908 | 114,188,686 | — | — |
| Total Shareholders' Equity..... | | <u>382,079,025</u> | <u>1,299,068,686</u> | <u>1,149,880,000</u> | <u>1,149,880,000</u> |
| Total Liabilities and Shareholders' Equity..... | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |

The accompanying notes are an integral part of the financial statements.

Auditor's report attached.

Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of U.S.\$1.00 = L.E. 3.40.

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED INCOME STATEMENT
for the period from January 1, 1999 to June 30, 1999**

| | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Proforma 31-12-98 L.E. |
|--|-------------------|-----------------|------------------|------------------------------|
| Net Sales | 218,862,540 | 744,132,637 | 674,363,025 | 649,908,794 |
| Less | | | | |
| Cost of Sales..... | (143,968,929) | (489,494,360) | (450,768,617) | (439,003,194) |
| Gross Profit | 74,893,611 | 254,638,277 | 223,594,408 | 210,905,600 |
| Less | | | | |
| General and Administrative Expenses | 13,005,745 | 44,219,534 | 40,239,567 | 40,239,567 |
| Financing Expenses | 10,967,098 | 37,288,132 | 57,929,846 | 57,929,846 |
| Depreciation and Amortization | 3,738,834 | 12,712,034 | 1,495,703 | 1,495,703 |
| Foreign Exchange Loss | 43,264 | 147,096 | 353,010 | 353,010 |
| Provision for Doubtful Debts | 1,894,588 | 6,441,599 | 4,997,615 | 4,997,615 |
| Total Expenses | 29,649,528 | 100,808,395 | 105,015,741 | 105,015,741 |
| Net Profit for the Period before Minority Interest and Income Taxes | 45,244,083 | 153,829,882 | 118,578,667 | 105,889,859 |
| Minority Interest | (980,408) | (3,333,386) | (4,368,275) | (4,219,614) |
| Provision for Income Taxes | (10,678,768) | (36,307,810) | (20,980,046) | (15,650,747) |
| Net Profit for the Period | 33,584,908 | 114,188,686 | 93,230,346 | 86,019,498 |
| Earnings per Share | 0.22 | 0.76 | 0.81 | 0.75 |

Note. Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of
U.S.\$1.00 = L.E.3.40

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED BALANCE SHEET
as at June 30, 1999**

| | Notes | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Pro forma 31-12-98 L.E. |
|---|---------|--------------------|----------------------|----------------------|-------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalent | 3 | 35,803,773 | 121,732,827 | 18,165,619 | 60,292,576 |
| Debtors — Short Term Balances (Net) | 4 | 146,907,290 | 499,484,787 | 506,392,231 | 495,668,877 |
| Inventory | (2-4) 5 | 88,171,914 | 299,784,506 | 194,697,123 | 194,697,123 |
| Work in Progress | | 50,882,286 | 172,999,774 | 109,353,565 | 104,770,319 |
| Total Current Assets | | 321,765,263 | 1,094,001,894 | 828,608,538 | 855,428,895 |
| Long Term Assets | | | | | |
| Accounts Receivables — Long Term .. | 6 | 53,843,891 | 183,069,229 | 167,640,320 | 167,640,320 |
| Long Term Investments | (2-5) 7 | 96,780,052 | 329,052,176 | 262,135,125 | 258,628,063 |
| Fixed Assets — (Net) | (2-5) 8 | 132,919,071 | 451,924,840 | 394,603,343 | 354,338,029 |
| Projects under Construction | 9 | 12,357,585 | 42,015,790 | 164,982,129 | 136,506,211 |
| Goodwill | 10 | 76,058,795 | 258,599,902 | 248,020,160 | 252,776,691 |
| Deferred Expenses — (Net) | (2-7) | 9,182,188 | 31,219,440 | 38,361,296 | 34,340,047 |
| Total Long Term Assets | | 381,141,581 | 1,295,881,377 | 1,275,742,373 | 1,204,229,361 |
| Total Assets | | 702,906,844 | 2,389,883,271 | 2,104,350,911 | 2,059,658,256 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Due to Banks | 11 | 36,427,809 | 123,854,551 | 171,858,623 | 171,858,623 |
| Current Portion of Long Term Debt .. | 15 | 12,955,244 | 44,047,830 | 36,448,677 | 36,448,677 |
| Creditors Short Term Balances | 12 | 9,858,372 | 33,518,466 | 178,828,069 | 177,951,638 |
| Other Credit Balances | 13 | 4,227,941 | 14,375,000 | 12,933,747 | — |
| Provisions | 14 | 15,820,156 | 53,788,531 | 22,682,664 | 22,655,980 |
| Total Current Liabilities | | 79,289,523 | 269,584,378 | 422,751,780 | 408,914,918 |
| Long Term Liabilities | | | | | |
| Long Term Loans | 15 | 43,077,207 | 146,462,505 | 224,917,977 | 197,470,161 |
| Bonds | 16 | 191,176,471 | 650,000,000 | 250,000,000 | 250,000,000 |
| Creditors — Long Term Balances | | — | — | 13,459,153 | 13,459,153 |
| Total Long Term Liabilities | | 234,253,678 | 796,462,505 | 488,377,130 | 460,929,314 |
| Minority Interest | | 7,284,618 | 24,767,702 | 43,342,001 | 39,934,024 |
| Shareholders' Equity | | | | | |
| Issued and Subscribed Capital | 18 | 441,141,176 | 1,499,880,000 | 1,149,880,000 | 1,149,880,000 |
| Unpaid Installments | | (92,647,059) | (315,000,000) | — | — |
| Paid up Capital | | 348,494,118 | 1,184,880,000 | 1,149,880,000 | 1,149,880,000 |
| Net Profit for the Period | | 33,584,908 | 114,188,686 | — | — |
| Total Shareholders' Equity | | 382,079,025 | 1,299,068,686 | 1,149,880,000 | 1,149,880,000 |
| Total Liabilities and Shareholders' Equity | | 702,906,844 | 2,389,883,271 | 2,104,350,911 | 2,059,658,256 |

The accompanying notes are an integral part of the financial statements.

Auditor's report attached.

Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of U.S.\$1.00 = L.E. 3.40.

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED INCOME STATEMENT
for the period from January 1, 1999 to June 30, 1999**

| | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Proforma 31-12-98 L.E. |
|--|-------------------|-----------------|------------------|------------------------------|
| Net Sales | 218,862,540 | 744,132,637 | 674,363,025 | 649,908,794 |
| Less | | | | |
| Cost of Sales | (143,968,929) | (489,494,360) | (450,768,617) | (439,003,194) |
| Gross Profit | 74,893,611 | 254,638,277 | 223,594,408 | 210,905,600 |
| Less | | | | |
| General and Administrative Expenses | 13,005,745 | 44,219,534 | 40,239,567 | 40,239,567 |
| Financing Expenses | 10,967,098 | 37,288,132 | 57,929,846 | 57,929,846 |
| Depreciation and Amortization | 3,738,834 | 12,712,034 | 1,495,703 | 1,495,703 |
| Foreign Exchange Loss | 43,264 | 147,096 | 353,010 | 353,010 |
| Provision for Doubtful Debts | 1,894,588 | 6,441,599 | 4,997,615 | 4,997,615 |
| Total Expenses | 29,649,528 | 100,808,395 | 105,015,741 | 105,015,741 |
| Net Profit for the Period before Minority Interest and Income Taxes | 45,244,083 | 153,829,882 | 118,578,667 | 105,889,859 |
| Minority Interest | (980,408) | (3,333,386) | (4,368,275) | (4,219,614) |
| Provision for Income Taxes | (10,678,768) | (36,307,810) | (20,980,046) | (15,650,747) |
| Net Profit for the Period | 33,584,908 | 114,188,686 | 93,230,346 | 86,019,498 |
| Earnings per Share | 0.22 | 0.76 | 0.81 | 0.75 |

*Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of
U.S.\$1.00 = L.E.3.40*

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED BALANCE SHEET
as at June 30, 1999**

| | Notes | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Pro forma 31-12-98 L.E. |
|--|---------|--------------------|----------------------|----------------------|-------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalent | 3 | 35,803,773 | 121,732,827 | 18,165,619 | 60,292,576 |
| Debtors — Short Term Balances (Net) | 4 | 146,907,290 | 499,484,787 | 506,392,231 | 495,668,877 |
| Inventory | (2-4) 5 | 88,171,914 | 299,784,506 | 194,697,123 | 194,697,123 |
| Work in Progress | | 50,882,286 | 172,999,774 | 109,353,565 | 104,770,319 |
| Total Current Assets | | <u>321,765,263</u> | <u>1,094,001,894</u> | <u>828,608,538</u> | <u>855,428,895</u> |
| Long Term Assets | | | | | |
| Accounts Receivables — Long Term .. | 6 | 53,843,891 | 183,069,229 | 167,640,320 | 167,640,320 |
| Long Term Investments | (2-5) 7 | 96,780,052 | 329,052,176 | 262,135,125 | 258,628,063 |
| Fixed Assets — (Net) | (2-5) 8 | 132,919,071 | 451,924,840 | 394,603,343 | 354,338,029 |
| Projects under Construction | 9 | 12,357,585 | 42,015,790 | 164,982,129 | 136,506,211 |
| Goodwill | 10 | 76,058,795 | 258,599,902 | 248,020,160 | 252,776,691 |
| Deferred Expenses — (Net) | (2-7) | 9,182,188 | 31,219,440 | 38,361,296 | 34,340,047 |
| Total Long Term Assets | | <u>381,141,581</u> | <u>1,295,881,377</u> | <u>1,275,742,373</u> | <u>1,204,229,361</u> |
| Total Assets | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Due to Banks | 11 | 36,427,809 | 123,854,551 | 171,858,623 | 171,858,623 |
| Current Portion of Long Term Debt .. | 15 | 12,955,244 | 44,047,830 | 36,448,677 | 36,448,677 |
| Creditors Short Term Balances | 12 | 9,858,372 | 33,518,466 | 178,828,069 | 177,951,638 |
| Other Credit Balances | 13 | 4,227,941 | 14,375,000 | 12,933,747 | — |
| Provisions | 14 | 15,820,156 | 53,788,531 | 22,682,664 | 22,655,980 |
| Total Current Liabilities | | <u>79,289,523</u> | <u>269,584,378</u> | <u>422,751,780</u> | <u>408,914,918</u> |
| Long Term Liabilities | | | | | |
| Long Term Loans | 15 | 43,077,207 | 146,462,505 | 224,917,977 | 197,470,161 |
| Bonds | 16 | 191,176,471 | 650,000,000 | 250,000,000 | 250,000,000 |
| Creditors — Long Term Balances | | — | — | 13,459,153 | 13,459,153 |
| Total Long Term Liabilities | | <u>234,253,678</u> | <u>796,462,505</u> | <u>488,377,130</u> | <u>460,929,314</u> |
| Minority Interest | | 7,284,618 | 24,767,702 | 43,342,001 | 39,934,024 |
| Shareholders' Equity | | | | | |
| Issued and Subscribed Capital | 18 | 441,141,176 | 1,499,880,000 | 1,149,880,000 | 1,149,880,000 |
| Unpaid Installments | | (92,647,059) | (315,000,000) | — | — |
| Paid up Capital | | 348,494,118 | 1,184,880,000 | 1,149,880,000 | 1,149,880,000 |
| Net Profit for the Period | | 33,584,908 | 114,188,686 | — | — |
| Total Shareholders' Equity | | <u>382,079,025</u> | <u>1,299,068,686</u> | <u>1,149,880,000</u> | <u>1,149,880,000</u> |
| Total Liabilities and Shareholders' Equity | | <u>702,906,844</u> | <u>2,389,883,271</u> | <u>2,104,350,911</u> | <u>2,059,658,256</u> |

The accompanying notes are an integral part of the financial statements.

Auditor's report attached.

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**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED INCOME STATEMENT
for the period from January 1, 1999 to June 30, 1999**

| | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. | Proforma 31-12-98 L.E. |
|--|-------------------|-----------------|------------------|------------------------------|
| Net Sales | 218,862,540 | 744,132,637 | 674,363,025 | 649,908,794 |
| Less | | | | |
| Cost of Sales | (143,968,929) | (489,494,360) | (450,768,617) | (439,003,194) |
| Gross Profit | 74,893,611 | 254,638,277 | 223,594,408 | 210,905,600 |
| Less | | | | |
| General and Administrative Expenses | 13,005,745 | 44,219,534 | 40,239,567 | 40,239,567 |
| Financing Expenses | 10,967,098 | 37,288,132 | 57,929,846 | 57,929,846 |
| Depreciation and Amortization | 3,738,834 | 12,712,034 | 1,495,703 | 1,495,703 |
| Foreign Exchange Loss | 43,264 | 147,096 | 353,010 | 353,010 |
| Provision for Doubtful Debts | 1,894,588 | 6,441,599 | 4,997,615 | 4,997,615 |
| Total Expenses | 29,649,528 | 100,808,395 | 105,015,741 | 105,015,741 |
| Net Profit for the Period before Minority Interest and Income Taxes | 45,244,083 | 153,829,882 | 118,578,667 | 105,889,859 |
| Minority Interest | (980,408) | (3,333,386) | (4,368,275) | (4,219,614) |
| Provision for Income Taxes | (10,678,768) | (36,307,810) | (20,980,046) | (15,650,747) |
| Net Profit for the Period | 33,584,908 | 114,188,686 | 93,230,346 | 86,019,498 |
| Earnings per Share | 0.22 | 0.76 | 0.81 | 0.75 |

Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of U.S.\$1.00 = L.E.3.40

**HOLDING COMPANY FOR FINANCIAL INVESTMENTS
(LAKAH GROUP), S.A.E.**

**CONSOLIDATED CASH FLOW STATEMENT
for the period from January 1, 1999 to June 30, 1999**

| | 30-6-99 U.S.\$ | 30-6-99 L.E. | 31-12-98 L.E. |
|--|-------------------|-----------------|------------------|
| Cash Flows from Operating Activities | | | |
| Net Profit after Taxes | 33,584,908 | 114,188,686 | 93,230,346 |
| Adjustments for — | | | |
| Depreciation and Amortization | 7,250,937 | 24,653,185 | 1,495,703 |
| Minority Interest | 980,408 | 3,333,386 | 4,368,275 |
| Provisions | 10,678,768 | 36,307,810 | 20,980,046 |
| Provision for Doubtful Accounts | 1,894,588 | 6,441,599 | 4,997,615 |
| Net Profit before Working Capital Changes — | 54,389,608 | 184,924,666 | 125,071,985 |
| Increase in Inventory | (30,908,054) | (105,087,383) | (194,697,123) |
| Increase in Work in Progress | (18,719,473) | (63,646,209) | (109,353,565) |
| Decrease in Debtors — Short Term Balances | 137,013 | 465,845 | (511,389,846) |
| Decrease in Creditors — Short Term | (42,738,119) | (145,309,603) | 178,828,069 |
| Decrease in Other Credit Balances | 423,898 | 1,441,253 | 12,933,747 |
| Decrease in Due to Banks | (14,118,845) | (48,004,072) | 171,858,623 |
| Increase in Accounts Receivables | (4,537,914) | (15,428,909) | (167,640,320) |
| Decrease in Provisions | (1,529,983) | (5,201,943) | 1,702,618 |
| Net Cash (used in) Operating Activities | (57,601,869) | (195,846,355) | (492,685,812) |
| Cash Flows from Investing Activities | | | |
| Purchase of Fixed Assets | (20,059,429) | (68,202,059) | (395,748,796) |
| Change in Projects under Construction | 36,166,570 | 122,966,339 | (164,982,129) |
| Change in Goodwill | (5,061,914) | (17,210,509) | (341,250,506) |
| Change in Deferred Expenses | — | — | (38,711,546) |
| Increase in Long Term Investment | (19,681,486) | (66,917,051) | (262,135,125) |
| Net Cash (used in) Investing Activities | (8,636,259) | (29,363,280) | (1,202,828,102) |
| Cash Flows from Financing Activities | | | |
| Increase in Paid-in Capital | 10,294,118 | 35,000,000 | 1,149,880,000 |
| Decrease in Long Term Loan | (23,075,139) | (78,455,472) | 224,917,977 |
| Proceeds from Bonds | 117,647,059 | 400,000,000 | 250,000,000 |
| Change in Minority Interest | (6,443,437) | (21,907,685) | 38,973,726 |
| Decrease in Creditors — Long Term Balances | (3,958,574) | (13,459,153) | 13,459,153 |
| Payment of Current Portion of Long Term Debt | 2,235,045 | 7,599,153 | 36,448,677 |
| Net Cash Provided by Financing Activities | 96,699,071 | 328,776,843 | 1,713,679,533 |
| Net Increase in Cash and Cash Equivalents | 30,460,944 | 103,567,208 | 18,165,619 |
| Cash in Hand and at Banks at the Beginning of Period | 5,342,829 | 18,165,619 | — |
| Cash in Hand and at Banks at the End of Period | 35,803,773 | 121,732,827 | 18,165,619 |

*Note: Solely for the convenience of the reader, the Egyptian pounds into U.S. Dollars translation has been made at the rate of
U.S.\$1.00 = L.E.3.40*

Holding Company for Financial Investments (Lakah Group), S.A.E.**NOTES TO THE CONSOLIDATED FINANCIAL POSITION**
For the period from January 1, 1999 to June 30, 1999**1 — The Company**

The Holding Company for Financial Investments (Lakah Group) S.A.E. was incorporated in Egypt on November 29, 1998 under Law No. 95 of 1992 and its regulations. The purpose of the company is to participate in the formation of companies using securities, or increasing their capital. The company is allowed to form or join with other companies operating in any business field, and companies that help such companies achieve their target, inside or outside Egypt. Also the company is allowed to merge with or acquire existing companies according to the companies operating procedures.

The company's first legal financial positions are to be prepared for the period from November 29, 1998 to December 31, 1999.

At June 30, 1999, the Holding Company for Financial Investments S.A.E., hereunder called the Parent Company, owns the following consolidated subsidiaries:

| | % of Shares |
|---|-------------|
| Trading Medical Systems Egypt — S.A.E. | 97.60% |
| Medequip for Trading and Contracting — S.A.E. | 97.80% |
| Amitrade for Commerce and Contracting — S.A.E. | 97.02% |
| Industrial Investment Company — S.A.E. | 97.98% |
| Arab Steel Factory — S.A.E. | 97.92% |
| Industrial Consumer Company — S.A.E. | 97.95% |
| Quest Consult — S.A.E. | 97.46% |
| Medical Centers Management — S.A.E. | 97.98% |

2 — Significant Accounting Policies

The significant accounting policies adopted in the preparation of the consolidated financial position are set out below.

2 — 1 Foreign Currency Translation

The subsidiaries accounts are maintained in Egyptian pounds. Transactions denominated in foreign currencies were translated at the prevailing exchange rates as at June 30, 1999 declared by the free foreign exchange market.

At the financial position date, assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. The exchange differences are recorded in the Income Statement.

2 — 2 Basis of preparing the financial position:

The financial positions of the subsidiaries are prepared according to the Egyptian Accounting Standards. The consolidated financial position is prepared according to the International Accounting Standards. The Parent Company's financial position includes the balances of assets and liabilities of the nine companies as at June 30, 1999, as well as sales, cost of sales and operating expenses for the period from January 1, 1999 to June 30, 1999. Except for the ICC, which capitalized all expenses, listed as (Deferred Expenses) in the financial position.

2 — 3 Principles of Consolidation

The consolidated financial position includes all subsidiaries controlled by the Parent Company. The basis of the consolidation is as follows:

- All intergroup balances and transactions are eliminated.
- Minority interest represents equity held by other shareholders in subsidiaries controlled by the Parent Company. It appears as a separate item in the consolidated financial position and is calculated as net assets and results of operations of Subsidiaries attributable to interest, which are not owned, directly or indirectly by the Parent Company.

Holding Company for Financial Investments (Lakah Group), S.A.E.

- The cost of acquisition is allocated as follows:
 - a) The fair value of the assets and liabilities acquired as of the date of the exchange to the extent of the Parent Company's interest obtained in the exchange transactions.
 - b) The excess of the cost of acquisition over the Parent Company's interest in the fair value of the identifiable assets and liabilities acquired as of the date of acquisition is recognized as goodwill and amortized over the period of 20 years starting from January 1, 1999.
 - c) The excess of the Parent Company's interest in the fair value of the identifiable assets and liabilities at the date of acquisition over the acquisition cost is recognized as a negative goodwill and amortized over a period of 20 years starting from January 1, 1999.
 - d) Affiliates of subsidiaries owned by more than 50% and controlled by the subsidiaries are consolidated on the same basis.

2 — 4 Inventories

Inventories of raw material spare parts and supplies are stated at cost. Inventories of finished goods are stated at the lower of cost and net realizable value. Cost is determined by using the average cost method.

2 — 5 Long-Term Investments

Long-Term Investments in companies, which are not controlled by the Parent Company, are recorded at actual cost at the date of acquisition.

2 — 6 Fixed Assets and Depreciation

Fixed Assets are recorded at the historical cost and are depreciated by the straight-line method over the estimated productive life for each type of asset at the following annual rates:

| | |
|-------------------------------------|------------|
| Buildings and Construction..... | 2.5% - 10% |
| Machinery and Equipment..... | 5% - 10% |
| Vehicles..... | 20% - 25% |
| Tools and Supplies..... | 10% - 20% |
| Furniture and Office Equipment..... | 10% - 25% |

2 — 7 Deferred Expenses

Deferred Expenses represent corporate establishment and pre-operating expenses. These expenses are amortized using the straight-line method over a five-year period (20%) starting from the first financial year.

2 — 8 Cash Flow Statement

Cash Flow Statement is prepared using the indirect method.

2 — 9 Taxation

A tax provision is formed to meet tax obligations based on detailed studies for each claim. Due to the nature of the Egyptian tax laws and legislation, applying the principles of the deferred taxes according to the International Accounting Standards "Taxes on Income", will not usually result in any material deferred tax liabilities. Further, if the application results in deferred tax, assets will be recognized in the financial position whenever there is a sufficient assurance that these assets will be realized in the foreseeable future.

3 — Cash and Cash Equivalent:

Cash and Cash Equivalent as of June 30, 1999 amounting to L.E.121,732,827 represent the following:

| | L.E. | U.S.\$ |
|--|--------------------|-------------------|
| Banks Current Accounts | 57,470,032 | 16,902,951 |
| Cash in Hand..... | 1,543,668 | 454,020 |
| Bank Deposit..... | 62,381,557 | 18,347,517 |
| Letters of Guarantee (Cash Margins)..... | 337,570 | 99,285 |
| | <u>121,732,827</u> | <u>35,803,773</u> |

Holding Company for Financial Investments (Lakah Group), S.A.E.**4 — Debtors — Short Term Balances:**

Debtors Short Term balances as of June 30, 1999 amounting to L.E.499,484,787 represent the following:

| | L.E. | U.S.\$ |
|-------------------------------------|--------------------|--------------------|
| Letters of Credit..... | 3,280,000 | 964,706 |
| Accounts Receivables..... | 246,520,399 | 72,506,000 |
| Lease Receivables..... | 28,199,407 | 8,293,943 |
| Debtors..... | 104,510,807 | 30,738,473 |
| Suppliers Debit Balances..... | 74,597,671 | 21,940,492 |
| Letters of Guarantee..... | 6,461,894 | 1,900,557 |
| Other Debit Balances..... | 29,521,933 | 8,682,921 |
| Cheques under Collection..... | 17,913,298 | 5,268,617 |
| | <u>511,005,409</u> | <u>150,295,709</u> |
| Less — Provision for Doubtful Debts | (11,520,622) | (3,388,419) |
| | <u>499,484,787</u> | <u>146,907,290</u> |

5 — Inventory:

Inventory Balance as of June 30, 1999 amounting to L.E.299,784,506 represents the following:

| | L.E. | U.S.\$ |
|-----------------------------|--------------------|-------------------|
| Raw-Material and Scrap..... | 137,691,490 | 40,497,497 |
| Supplies..... | 6,915,151 | 2,033,868 |
| Spare Parts..... | 61,492,606 | 18,086,061 |
| Packing Materials..... | 1,010,190 | 297,115 |
| Work in Progress..... | 45,813 | 13,474 |
| Medical Equipment..... | 42,456,948 | 12,487,338 |
| Finished Goods..... | 17,207,363 | 5,060,989 |
| Goods in Transit..... | 32,964,945 | 9,695,572 |
| | <u>299,784,506</u> | <u>88,171,914</u> |

6 — Accounts Receivables — Long Term:

Accounts Receivables — Long Term represents Lease Receivables for Medical Equipment amounting to L.E.183,069,229 for more than one year. An additional portion, due in 1999 amounting to L.E.28,199,407 are included in the Current Assets — Debtors' Short-Term Balances.

7 — Long Term Investments:

Long Term Investments Balance as of June 30, 1999 amounting to L.E.329,052,176 represents the following:

| | Investment Ratio % | L.E. | U.S.\$ |
|--|--------------------------|--------------------|-------------------|
| Associated Companies: | | | |
| Suez Company for Iron Works — <i>Egyptian Joint Stock Co.</i> | 49% | 53,628,173 | 15,772,992 |
| Total Associated Companies..... | | <u>53,628,173</u> | <u>15,772,992</u> |
| Other Companies: | | | |
| Arab Cast Iron & Steel Products Factory — <i>Egyptian Joint Stock Co.</i> | 49% | 124,000,000 | 36,470,588 |
| International Co. For Producing Modern Pipes and Fittings (RIGO) S.A.E.... | | 3,000,000 | 882,353 |
| Tanta Scan Co. | 10.8% | 541,160 | 159,165 |
| Incolase Co. | 9% | 1,800,000 | 529,412 |
| Helio Medical Co. | 46.89% | 65,082,843 | 19,142,013 |
| Total Other Companies..... | | <u>194,424,003</u> | <u>57,183,530</u> |
| Detergent Factory — Industrial Investment Company — <i>Egyptian Joint Stock Co.*</i> | | <u>81,000,000</u> | <u>23,823,529</u> |
| Grand Total..... | | <u>329,052,176</u> | <u>96,780,052</u> |

* The factory is rented to a third party (Newlit)

Holding Company for Financial Investments (Lakah Group), S.A.E.**8 — Fixed Assets (Net):**

Fixed Assets (Net) as of June 30, 1999 amounting to L.E.451,924,840 comprise the following:

| | Land L.E. | Build. & Cons. L.E. | Mach. & Equip. L.E. | Tools & Supp. L.E. | Furn. & Off. Equip. L.E. | Vehicles L.E. | Total L.E. |
|--|--------------|---------------------------|---------------------------|--------------------------|-----------------------------------|------------------|---------------|
| Cost at Beginning of Period | 139,067,556 | 44,938,399 | 199,462,363 | 422,363 | 4,936,902 | 32,163,858 | 420,991,441 |
| Additions | 7,843,053 | 20,711,633 | 36,215,404 | 1,164,098 | 3,108,642 | 7,182,781 | 76,225,611 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cost at End of Period | 146,910,609 | 65,650,032 | 235,677,767 | 1,586,461 | 8,045,544 | 39,346,639 | 497,217,052 |
| Accrued Depreciation at the Beginning of Period | 0 | 1,992,054 | 16,165,705 | 32,152 | 1,344,971 | 6,853,216 | 26,388,098 |
| Depreciation | 0 | 1,412,639 | 12,917,546 | 173,089 | 419,890 | 3,980,949 | 18,904,113 |
| Disposal Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Depreciation at the End of Period | 0 | 3,404,693 | 29,083,251 | 205,241 | 1,764,861 | 10,834,165 | 45,292,212 |
| Net Book Value L.E. | 146,910,609 | 62,245,339 | 206,594,516 | 1,381,220 | 6,280,683 | 28,512,474 | 451,924,840 |
| Net Book Value U.S.\$ | 43,209,003 | 18,307,453 | 60,763,093 | 406,241 | 1,847,260 | 8,386,022 | 132,919,072 |

9 — Projects Under Construction:

Projects under construction as of June 30, 1999 amounting to L.E.42,015,790 represent the costs incurred for developing projects that are still under progress at the financial position date, which comprises the following projects:

| | L.E. | U.S.\$ |
|---|-------------------|-------------------|
| Acryline Factory — Quest Consult S.A.E. | 8,202,350 | 2,412,456 |
| Parking Area and Service Centers — Universal High Load Trucking S.A.E. | 33,813,440 | 9,945,129 |
| | <u>42,015,790</u> | <u>12,357,585</u> |

10 — Goodwill:

Goodwill, net of negative Goodwill, amounting to L.E.258,599,902 resulted from the acquisition of several percentages of the Parent Company subsidiaries which comprises the following:

| | L.E. | U.S.\$ |
|--|--------------------|-------------------|
| Arab Steel Factory S.A.E. | 202,338,200 | 59,511,235 |
| Industrial Consumer Company S.A.E. | 32,734 | 9,628 |
| Amitrade for Commerce and Contracting | (6,269,546) | (1,843,984) |
| Quest Consult S.A.E. | (5,812,737) | (1,709,629) |
| Industrial Investment Company S.A.E. | 28,595 | 8,410 |
| Medical Centers Management S.A.E. | (1,587,193) | (466,821) |
| Trading Medical Systems S.A.E. | 23,626,136 | 6,948,864 |
| Medequip for Trading and Contracting S.A.E. | 52,874,480 | 15,551,318 |
| | <u>265,230,669</u> | <u>78,009,021</u> |
| Amortization | (6,630,767) | (1,950,226) |
| | <u>258,599,902</u> | <u>76,058,795</u> |

Holding Company for Financial Investments (Lakah Group), S.A.E.**11 — Due to Banks:**

Due to Banks balance as of June 30, 1999 amounting to L.E.123,854,551 represents the following:

| | L.E. | U.S.\$ |
|---|--------------------|-------------------|
| Bank Overdrafts..... | 11,231,351 | 3,303,338 |
| Islamic Banks Morabhat..... | 81,659,562 | 24,017,518 |
| Banks — Refinance of Letters of Credit..... | 30,963,638 | 9,106,953 |
| | <u>123,854,551</u> | <u>36,427,809</u> |

12 — Creditors — Short Term Balances:

Creditors — Short Term Balances as of June 30, 1999 amounted to L.E. 33,518,466 represents the following:

| | L.E. | U.S.\$ |
|----------------------------|-------------------|------------------|
| Notes Payable..... | 1,689,496 | 496,911 |
| Creditors..... | 12,438,878 | 3,658,493 |
| Accounts Payable..... | 17,897,964 | 5,264,107 |
| Other Credit Balances..... | 1,492,128 | 438,861 |
| | <u>33,518,466</u> | <u>9,858,372</u> |

13 — Other Credit Balances:

Other Credit Balances as of June 30, 1999 amounting to L.E.14,375,000 comprise the following:

| | L.E. | U.S.\$ |
|------------------------------|-------------------|------------------|
| Bonds Interest Accruals..... | 14,375,000 | 4,227,941 |
| | <u>14,375,000</u> | <u>4,227,941</u> |

14 — Provisions:

Provisions amounting to L.E.53,788,531 are for Corporate Tax and against other tax claims.

15 — Long Term Loans

Long Term Loans balance as of June 30, 1999 amounting to L.E.146,462,505 represents the following:

| Notes | Amount Of Outstanding Long Term Portion | Interest Rates | Currency | Lending Institution | Company |
|---|--|--|----------|------------------------|------------------------------------|
| — Pledge of medical equipment insurance of 120% | 24,951,102 | 1% Over Libor | USD | Banque du Caire: | Medequip For Trading & Contracting |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.75% Commission on Highly Debit Balance Monthly Charged | | | |
| — Pledge of medical equipment insurance of 120% | 13,577,838 | 13.50% | LE | Banque du Caire: | |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.75% Commission on Highly Debit Balance Monthly Charged | | | |
| Assignment of proceeds for contracts exceeding one year | 29,470,010 | 12.50% | LE | National Bank of Egypt | |
| | | 0.1% Commission on Highly Debit Balance Monthly Charged | | | |
| — Pledge of medical equipment insurance of 120% | 26,658,880 | 0.75% Over Libor | USD | National Bank of Egypt | |
| — Endorsement of Promissory notes (Maturity 6 year) | | 0.1% Commission on Highly Debit Balance Monthly Charged | | | |
| — Pledge of medical equipment insurance of 120% | 43,601 | 12.50% | LE | Egyptian British Bank | |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.6% Commission on Highly Debit Balance Monthly Charged | | | |

Holding Company for Financial Investments (Lakah Group), S.A.E.

| Notes | Amount Of Outstanding Long Term Portion | Interest Rates | Currency | Lending Institution | Company |
|---|---|--|-----------|----------------------------------|--|
| — Pledge of medical equipment insurance of 120% | 8,015,053 | LE 11% And or \$1% Over Libor | USD or LE | Arab African Bank | |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.6% Commission on Highly Debit Balance Monthly Charged | | | |
| — Pledge of medical equipment insurance of 120% | 14,832,463 | 12.25% | LE | Banque du Caire: | Trading Medical Systems |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.75% Commission on Highly Debit Balance Monthly Charged | | | |
| Term Loan To Finance Receivables with Maturity Up To 1 Year | 10,827,516 | LE 12% And or \$1.5% Over Libor | USD or LE | Export Development Bank of Egypt | |
| Up To 2 Years | | 1.35% Commission on Highly Debit Balance Monthly Charged | | | |
| Up To 3 Years | | | | | |
| — Pledge of medical equipment insurance of 120% | 13,228,343 | LE. 11% And/or \$1% Over Libor, | LE or USD | Arab African Bank | |
| — Endorsement of Promissory notes (Maturity 60 months) | | 0.6% Commissions on a Highly Debit Balance Monthly Charged | | | |
| 5 Years Term Loan | 4,857,699 | 14% | LE | Mohands Bank | International High load Trucking Company |
| Total | 146,462,505 | | | | |

— The current portion of the above-mentioned long-term loans has reached L.E.44,047,830 and is included under separate caption in the Balance Sheet (Current Portion of Long Term Debt).

16 — Bonds:

Bonds as of June 30, 1999 amounting to L.E.650,000,000 represent the following:

- Bonds amounting to L.E.250,000,000 were issued by the Arab Steel Factory S.A.E. These bonds are non-convertible into marketable common stock, and they hold a fixed annual interest rate of 11.5 per cent. The subscription started July 1998 for 7 years.
- Bonds amounting to L.E.400,000,000 and they were issued by the Parent Company. These bonds are non-convertible into marketable common stock, and they hold a fixed annual interest rate of 11.5 per cent. The subscription starts at 1999 for 7 years.

17 — Issued & Paid-Up Capital:

The authorized capital amounts to L.E.5,000,000,000, The subscribed and issued capital amounts to L.E.1,499,880,000 is divided into 149,988,000 shares at a par value of L.E.10 each as follows:

| Shareholder's name: | Percentage of Participation | Number of Shares | Amount in L.E. | Amount in \$ |
|---|-----------------------------|------------------|----------------|--------------|
| Mr. Ramy Lakah | 49.9990% | 74,992,450 | 749,924,500 | 220,566,029 |
| Mr. Michel Lakah | 42.3330% | 63,494,950 | 634,949,500 | 186,749,853 |
| Banque du Caire | 7.66600% | 11,498,800 | 114,988,000 | 33,820,000 |
| Mr. Sami Philip Totongy | 0.00070% | 1,000 | 10,000 | 2,941 |
| Mr. Ismail Saleh Mohamed Ghonaim Abdon | 0.00003% | 50 | 500 | 147 |
| Mr. Gamal Mohamed Anwar El Sadat | 0.00003% | 50 | 500 | 147 |
| Mr. Ramy Mostafa Fadel Aoda Basha | 0.00003% | 50 | 500 | 147 |
| Mr. Abd El Kader Mohamed Farid Abd El Kader ... | 0.00003% | 50 | 500 | 147 |
| Mr. Farouk Abd El Sameea Hasan Mohamed | 0.00030% | 500 | 5,000 | 1,471 |
| Mr. Mohamed Aty Hamza Khidr | 0.00003% | 50 | 500 | 147 |
| Mr. Medhat Sobhi Michael | 0.00003% | 50 | 500 | 147 |
| Total | 100.0000% | 149,988,000 | 1,499,880,000 | 441,141,176 |

Holding Company for Financial Investments (Lakah Group), S.A.E.

- According to the meeting of the board of directors dated June 28, 1999 the issued capital was increased by L.E.350,000,000 divided into 35,000,000 shares, at a par value of L.E.10.

Only 10% of the capital increase, amounted to L.E.35,000,000 were paid, so the paid-up capital increased to reach L.E.1,184,880,000.

18 — Commitments Contingent Liabilities:

Letters of Guarantee issued by banks for the Group's accounts in favor of others as at June 30, 1999 with cash margin of L.E.337,570

19 — Earnings per Share

Earnings per Share are calculated as follows:

| | L.E. | U.S.\$ |
|--------------------------------|-------------|-------------|
| Ner Profit for the Period..... | 114,188,686 | 33,584,908 |
| Number of Shares..... | 149,988,000 | 149,988,000 |
| Earnings per Share..... | 0.76 | 0.22 |

20 — Subsidiary Companies:

The financial positions of Industrial Investment Company S.A.E. ("IIC") are consolidated with those of Universal High Load Trucking S.A.E in which IIC owns a majority share holding exceeding 97.74%.